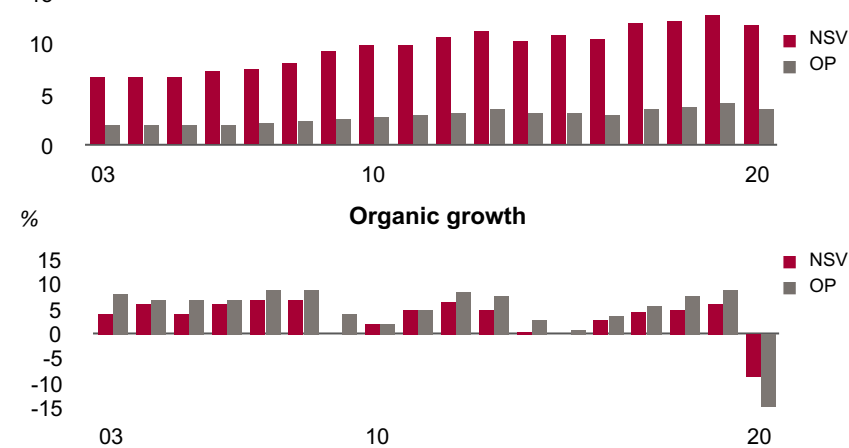


PERFORMANCE AMBITION

"OUR AMBITION IS TO BE ONE OF THE BEST PERFORMING, MOST TRUSTED AND RESPECTED CONSUMER PRODUCTS COMPANIES IN THE WORLD"

Sustained performance

Net sales* increased from £6,636m in F03 to £11,752m in F20
Operating profit increased from £1,902m in F03 to £3,494m in F20



Year ended 30 June. Percentage increases are organic growth movements before exceptional items and have not been restated for accounting changes.
 *Net sales is after deducting excise duties. 2003-2004 as reported under UK GAAP. 2005 restated for IFRS. 2009 restated for IFRS. 2012-2013 restated for IAS19 and IFRS11.

Key financials

H1 F21 reported figures	Organic movement	
Volume 128.3mEU	—%	Free cash flow £1.8bn
Net sales £6.9bn	1%	
Marketing £1.1bn	1%	Reported operating margin ¹ 32.8%
Operating profit ¹ £2.3bn	(3)%	
Dividend 27.96 pence	2 % ²	Adj. net debt ³ / EBITDA ¹ ratio 3.4x
Eps ¹ 69.9 pence	(13)% ²	

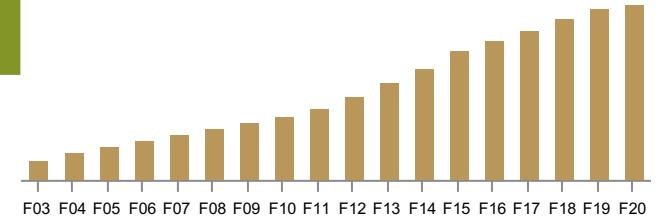
¹ Pre exceptional items; ² Reported movement; ³ Adjusted to include post employment liabilities

Our Sustainability and Responsibility priorities

- #1 Promote Positive Drinking
- #2 Champion Inclusion and Diversity
- #3 Pioneer Grain to Glass Sustainability

Growing dividend per share

F20 dividend: 69.88 pence per share

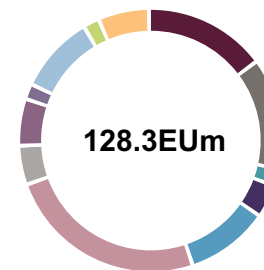


World leading brands¹

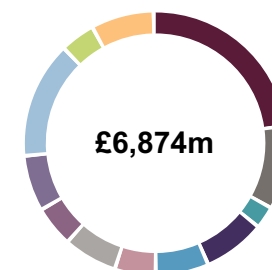
Global giants	Local stars	Reserve
% of net sales 39%	20%	24%



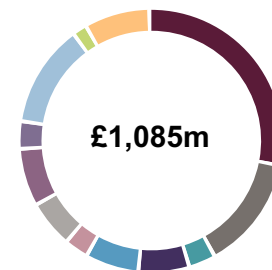
VOLUME



NET SALES



MARKETING



- Scotch
- Rum
- Tequila
- Vodka
- IMFL whisky
- Beer⁽¹⁾
- US whiskey
- Liqueurs
- Ready to drink⁽¹⁾
- Canadian whisky
- Gin
- Other

¹ Global giants and local stars including Reserve variants. Spirits brands excluding ready to drink and flavoured malt beverages.

¹ Flavoured malt beverages have been reclassified from ready to drink to beer from 1 July 2020. This reflects the nature of these products and how management reviews performance.



Highlights

North America delivered net sales growth of 12%, with growth across all three key markets.

US Spirits net sales increased 15% with growth across all categories.

Net sales in Canada increased 7% with broad-based growth in spirits and ready to drink more than offsetting a decline in beer due to its on-trade exposure.

DBC USA net sales grew 7%, with strong growth in Smirnoff flavoured malt beverages, partially offset by a decline in Guinness which continued to be impacted by on-trade channel restrictions due to Covid-19.

Europe and Turkey net sales declined 10%.

Gin declined 2%. Double digit growth in Gordon's in GB and Tanqueray in Northern Europe, was not enough to offset declines in Southern Europe and Travel Retail Europe, where Covid-19 restrictions significantly impacted travel and tourism.

Beer net sales in Europe and Turkey declined 34%, driven primarily by Guinness, which was impacted by on-trade restrictions and closures particularly in Ireland and Great Britain.

Baileys and ready to drink grew 8% and 4% respectively driven by Great Britain, Northern Europe and Ireland.

Africa net sales were flat. Growth in Nigeria and Africa Regional Markets was not enough to offset declines in East Africa and South Africa.

Total Beer declined 1% driven by Senator Keg and Tusker due to on-trade restrictions in Kenya, partly offset by growth in Guinness, Malta Guinness and Serengeti.

Spirits performance was flat. Strong performance of mainstream spirits offset declines in scotch.

Latin America and Caribbean net sales declined 1%. Declines in CCA, Travel Retail Latin America and Caribbean and Mexico were partially offset by growth in PUB, PEBAC and Colombia.

Scotch net sales across the region declined 5% as strong growth in White Horse and Black & White was more than offset by declines in Johnnie Walker, Buchanan's and Old Parr.

Tequila net sales grew 6% driven by growth of Don Julio in Mexico.

Gin net sales grew 24% mainly due to strong momentum in Brazil.

Asia Pacific net sales decreased 3%. Strong growth in Greater China and Australia in the first half was offset by declines in Travel Retail Asia and Middle East, South East Asia and North Asia.

Spirits sales declined due to the continued economic slowdown and on-trade closures.

Greater China net sales increased 15%, driven by Chinese white spirits and scotch.

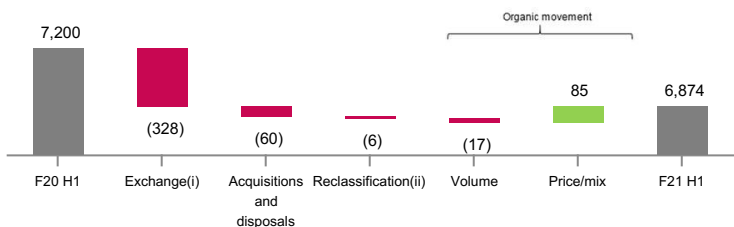
India net sales grew 1%.

* Organic growth six month ended 31 December 2020.

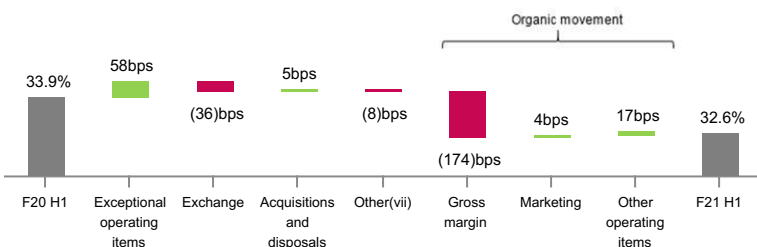
** Other principally Travel Retail.

*** Flavoured malt beverages have been reclassified from ready to drink to beer from 1 July 2020. This reflects the nature of these products and how management reviews performance.

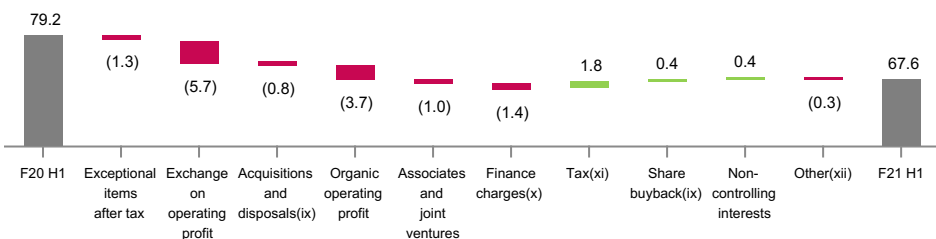
Net sales (£ million)



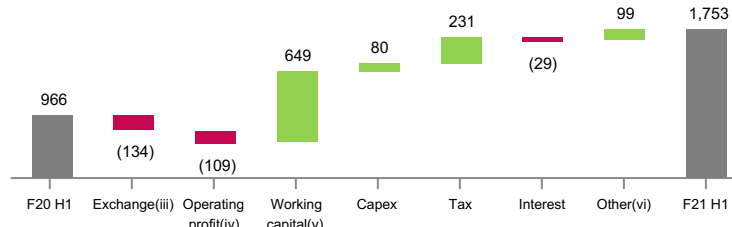
Operating margin (%)



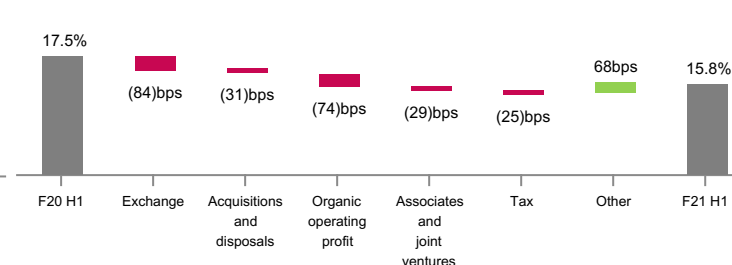
Basic earnings per share (pence)



Free cash flow (£ million)



Return on average invested capital (%)^(viii)



- (i) Exchange rate movements reflect the adjustment to recalculate the reported results as if they had been generated at the prior period weighted average exchange rates.
- (ii) In the six months ended 31 December 2020, £6 million has been reclassified from marketing to sales.
- (iii) Exchange on operating profit before exceptional items.
- (iv) Operating profit excludes exchange, depreciation and amortisation, post employment charges and other non-cash items.
- (v) Working capital movement includes maturing inventory.
- (vi) Other items include post employment payments, dividends received from associates and joint ventures, and movements in loans and other investments.
- (vii) Fair value adjustment and reclassification.
- (viii) ROIC calculation excludes exceptional operating items from operating profit.
- (ix) Includes finance charges net of tax.
- (x) Excludes finance charges related to acquisitions, disposals and share buyback.
- (xi) Excludes tax related to acquisitions, disposals and share buyback.
- (xii) Fair value adjustments.

Encouraging return to growth, good cash generation and increased dividend

Reported net sales (6.9 billion) down 4.5% as organic growth of 1.0% was more than offset by unfavourable exchange. Reported operating profit (2.2 billion) declined 8.3%, driven by unfavourable exchange and a decline in organic operating profit.

Organic net sales up 1.0%, despite a significant impact from Travel Retail and on-trade restrictions. North America was up 12.3%, offsetting declines in other regions, except for Africa which was broadly flat.

North America growth was driven by resilient consumer demand, share growth of total beverage alcohol, positive category mix and the replenishment of stock levels by distributors and retailers.

Organic operating profit down 3.4%, driven by channel and category mix. Productivity benefits from everyday cost efficiencies largely offset cost of goods sold inflation.

Net cash from operating activities up £0.7 billion to £2.0 billion, and free cash flow up £0.8 billion to £1.8 billion. This primarily reflects a lower tax payment and working capital benefit driven by reduced creditor balances at the end of fiscal 20, as a result of reduced sales demand and cost control measures triggered in response to Covid-19. Creditor balances have now recovered to more normalised levels.

Basic eps of 67.6 pence decreased 14.6%. Pre-exceptional eps declined 12.8% to 69.9 pence, driven primarily by unfavourable exchange and lower operating profit.

Interim dividend increased 2% to 27.96 pence per share.

Strong sequential performance improvement in all regions compared to the second half of fiscal 20. Expecting continued impact in the second half of fiscal 21 from on-trade restrictions and disruption to Travel Retail.

KEY FINANCIAL INFORMATION

	Unit	F21 H1		Organic growth%		Reported growth%		F20 H1		F19 H1		Organic growth%		Reported growth%	
		£m	£m	%	%	%	%	£m	£m	£m	£m	%	%	%	%
Volume	EUm	128.3	130.5	—	(2)	—	—	130.5	130.5	—	—	—	—	—	—
Net sales	£m	6,874	7,200	1	(5)	4	4	7,200	6,908	4	4	—	—	—	—
Marketing	£m	1,085	1,116	1	(3)	6	6	1,116	1,054	6	6	—	—	—	—
Operating profit before exceptional items	£m	2,256	2,501	(3)	(10)	5	2	2,501	2,451	5	2	—	—	—	—
Operating margin expansion*	bps	(153)	13			13	152	13	152						
Operating profit	£m	2,239	2,442		(8)	2,442	2,430	2,442	2,430						
Profit attributable to parent company's shareholders	£m	1,580	1,865		(15)	1,865	1,976	1,865	1,976						
Basic earnings per share	pence	67.6	79.2		(15)	79.2	80.9	79.2	80.9						
Earnings per share before exceptional items	pence	69.9	80.2		(13)	80.2	77.0	80.2	77.0						
Tax rate including exceptional items	%	24.4	21.5		13	21.5	21.3	21.5	21.3						
Tax rate before exceptional items	%	22.4	21.6		4	21.6	21.2	21.6	21.2						
Free cash flow	£m	1,753	966			966	1,346	966	1,346						
ROIC	%	15.8	17.5			17.5	17.8	17.5	17.8						
Average net debt	£m	(13,168)	(12,311)			(12,311)	(10,183)	(12,311)	(10,183)						

BUSINESS REVIEW

	F21 H1		F20 H1		F21 H1		F20 H1		F21 H1	F20 H1
	%*	£m	%*	£m	%*	£m	%*	£m		
NORTH AMERICA	8	27.7	3	26.1	12	2,701	6	2,502		
EUROPE AND TURKEY	(5)	24.0	(1)	25.4	(10)	1,443	3	1,666		
AFRICA	(1)	16.4	2	17.9	—	745	5	848		
LATIN AMERICA AND CARIBBEAN	4	12.8	(1)	12.3	(1)	579	2	680		
ASIA PACIFIC	(3)	47.4	(1)	48.8	(3)	1,395	4	1,477		
CORPORATE	—	—	—	—	(59)	11	(4)	27		
DIAGEO	—	128.3	—	130.5	1	6,874	4	7,200		

	F21 H1		F20 H1		F21 H1		F20 H1		F21 H1	F20 H1
	%*	£m	%*	£m	%*	£m	%*	£m		
NORTH AMERICA	10	443	6	404	14	1,226	5	1,120	46.9	46.2
EUROPE AND TURKEY	(4)	252	4	268	(23)	446	2	615	31.5	36.9
AFRICA	(6)	84	5	97	(22)	95	13	159	15.7	20.2
LATIN AMERICA AND CARIBBEAN	(15)	78	2	113	(5)	197	3	257	36.5	38.1
ASIA PACIFIC	(1)	227	11	232	(11)	386	6	432	27.5	29.7
CORPORATE	—	1	—	2	(18)	(94)	(6)	(82)		
DIAGEO	1	1,085	6	1,116	(3)	2,256	5	2,501	34.0	35.4

* Organic, ** Pre-exceptional

STRATEGIC MARKETS PERFORMANCE (growth %)

	Organic volume		Organic net sales		Reported net sales	
	F21 H1	F20 H1	F21 H1	F20 H1	F21 H1	F20 H1
NORTH AMERICA	8	3	12	6	8	6
US Spirits	10	2	15	6	11	5
Diageo Beer USA	4	9	7	11	3	14
Canada	8	4	7	7	4	7
EUROPE AND TURKEY^(viii)	(5)	(1)	(10)	3	(13)	2
Great Britain	10	n/a ^(ix)	2	n/a ^(ix)	2	n/a ^(ix)
Ireland	(17)	n/a ^(ix)	(37)	n/a ^(ix)	(40)	n/a ^(ix)
Northern Europe	—	n/a ^(ix)	7	n/a ^(ix)	10	n/a ^(ix)
Southern Europe	(18)	n/a ^(ix)	(21)	n/a ^(ix)	(17)	n/a ^(ix)
Eastern Europe	(6)	n/a ^(ix)	(13)	n/a ^(ix)	(21)	n/a ^(ix)
Turkey	12	(5)	18	13	(11)	15
AFRICA	(1)	2	—	5	(12)	3
East Africa	(5)	6	(5)	10	(12)	11
Africa Regional Markets	4	(4)	7	5	(10)	—
Nigeria	10	12	10	1	—	5
South Africa	(7)	(8)	(10)	(4)	(28)	(11)
LATIN AMERICA AND CARIBBEAN	4	(1)	(1)	2	(15)	1
PUB	12	—	21	7	(8)	5
Mexico	(4)	(1)	(1)	(2)	(15)	—
CCA	(10)	(3)	(21)	4	(23)	1
Andean	14	25	7	23	(4)	14
PEBAC	13	(21)	16	(30)	7	(30)
ASIA PACIFIC	(3)	(1)	(3)	4	(6)	6
India	(2)	—	1	2	(7)	5
Greater China	6	21	15	24	15	24
Australia	25	10	23	13	26	9
South East Asia	(15)	(4)	(17)	—	(21)	3
North Asia	5	(6)	(6)	(3)	(8)	(3)
Travel Retail Asia and Middle East	(76)	(29)	(81)	(18)	(81)	(19)
DIAGEO	—	—	1	4	(5)	4

(i) Organic equals reported volume movement except for spirits 0%, vodka (3)%, rum (7)%, liqueurs 2%, gin 7%, beer (10)% and ready to drink (1)%, which were impacted by acquisitions and disposals.

(ii) Vodka, rum, gin including IMFL brands.

(iii) Organic equals reported volume movement.

(iv) Spirits brands excluding ready to drink and flavoured malt beverages.

(v) Growth figures represent total Chinese white spirits of which Shui Jing Fang is the predominant brand.

(vi) Vodka includes Ketel One Botanical. Ketel One includes Ketel One vodka and Ketel One Botanical.

(vii) Flavoured malt beverages have been reclassified from ready to drink to beer from 1 July 2020. This reflects the nature of these products and how management reviews performance. Movements reported in the table above are on a like for like basis.

(viii) From 1 July 2020, Europe and Turkey are managed as six individual markets: Great Britain, Ireland, Northern Europe, Southern Europe, Eastern Europe and Turkey, each with end-to-end accountability. This reflects how management reviews performance.

(ix) Prior period growth rates have not been restated for market structure change

(x) Growth rates have not been restated for accounting changes.

CATEGORY AND BRAND PERFORMANCE (growth %)

	Organic volume		Organic net sales		Reported net sales	
	F21 H1 ⁽ⁱ⁾	F20 H1	F21 H1	F20 H1	F21 H1	F20 H1
SPIRITS^(iv)	1	—	3	4	(2)	5
SCOTCH	(3)	(3)	(8)	—	(13)	1
US WHISKEY	8	2	8	6	5	8
CANADIAN WHISKY	1	10	3	11	(1)	10
VODKA ^{(ii)(vi)}	(2)	(1)	—	(1)	(6)	—
RUM ⁽ⁱⁱ⁾	(6)	(2)	1	2	(3)	1
LIQUEURS	3	7	8	7	5	6
TEQUILA	42	25	61	31	56	32
GIN ⁽ⁱⁱ⁾	6	(2)	6	7	2	7
IMFL WHISKY	1	1	(1)	3	(8)	6
BEER^(vii)	(9)	1	(11)	4	(16)	n/a^(x)
READY TO DRINK^(vii)	10	6	13	7	4	n/a^(x)
DIAGEO	—	—	1	4	(5)	4
	Organic volume		Organic net sales		Reported net sales	
	F21 H1 ⁽ⁱⁱⁱ⁾	F20 H1	F21 H1	F20 H1	F21 H1	F20 H1
GLOBAL GIANTS^(iv)						
Johnnie Walker	(10)	(5)	(12)	(4)	(16)	(3)
Smirnoff	(4)	(2)	(3)	1	(8)	2
Captain Morgan	7	4	7	5	3	6
Baileys	5	8	10	8	7	8
Tanqueray	(1)	9	1	13	(5)	13
Guinness	(11)	—	(18)	1	(20)	1
LOCAL STARS^(iv)						
Crown Royal	2	10	3	11	(1)	13
Yeni Raki	(1)	(16)	(4)	3	(26)	5
J&B	(12)	(3)	(12)	(3)	(14)	(4)
Buchanan's	(5)	8	(2)	9	(9)	10
Windsor	(35)	(26)	(27)	(13)	(28)	(16)
Old Parr	(17)	2	(19)	5	(27)	2
Bundaberg	13	4	9	4	11	1
Black & White	19	4	20	5	3	6
Ypioca	18	(3)	12	(1)	(19)	(2)
McDowell's	(3)	—	(3)	3	(10)	6
Shui Jing Fang ^(v)	17	29	18	26	18	26
RESERVE^(iv)						
Scotch malts	(6)	11	(7)	17	(7)	18
Cîroc vodka	8	(10)	11	(9)	7	(7)
Ketel One ^(vi)	5	1	(4)	(1)	(9)	2
Don Julio	19	13	39	25	35	24
Bulleit	11	6	15	4	10	7
Casamigos	111	77	135	69	126	73

(i) Organic equals reported volume movement.

(ii) Vodka, rum, gin including IMFL brands.

(iii) Organic equals reported volume movement.

(iv) Spirits brands excluding ready to drink and flavoured malt beverages.

(v) Growth figures represent total Chinese white spirits of which Shui Jing Fang is the predominant brand.

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(ix) Prior period growth rates have not been restated for market structure change

(x) Growth rates have not been restated for accounting changes.